

In order for a fruit drink to qualify for the reduced rate of tax, it must contain 50% or more natural fruit juice. See 86 Ill. Adm. Code 130.310. (This is a GIL).

May 6, 1999

Dear XXXXX:

This letter is in response to your letter dated March 11, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

Enclosed is a wrap-around label from a jar of 'Cranberry Juice Cocktail' and a cash register receipt for its purchase from COMPANY in CITY, showing that this item was taxed at 7.25% while all other items were properly taxed as food at 1%.

I have purchased this cranberry juice at COMPANY's many times, and it's always taxed at 7.25%.

My doctor confirms that in many ways cranberry juice properly diluted with water is better for me than orange juice, which is taxed at 1%.

I trust that adding the word 'cocktail' to the name of the item does not result in IDR deciding this is a non-food item for tax purposes--that would be absurd since the ingredients and labelled food values in this cranberry juice item are almost identical as in the 2-quart container of orange juice, except that considerable water is added to undiluted cranberry juice to make it palatable.

Is COMPANY's 7.25% tax on its cranberry juice item required by Illinois law and IDR regulation? If so, IDR should revise its rule or interpretation of the law to treat this cranberry juice item as 'food', the same as containers of orange juice.

Please find enclosed a copy of 86 Ill. Adm. Code 130.310 governing Food, Drugs, Medicines and Medical Appliances. As the regulation states in subsection (a), food, drugs, medicines and medical appliances are subject to a low State tax rate of 1% plus applicable local taxes. Items that do not qualify as food, drugs, medicines and medical appliances are subject to the basic State rate of tax, which is 6.25% plus any applicable local taxes.

Section 130.310(b)(5) provides that the reduced rate does not extend to soft drinks. The term "soft drinks" is defined as any complete, finished, ready-to-use, non-alcoholic drink, whether carbonated or not, including but not limited to

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soda water, cola, fruit juice, vegetable juice, carbonated water, and all other preparations commonly known as soft drinks of whatever kind or description that are contained in any closed or sealed bottle, can, carton, or container regardless of size. "Soft drinks" does not include coffee, tea, non-carbonated water, infant formula, milk or milk products, or drinks containing 50% or more natural fruit or vegetable juice.

Applying the above principles and reviewing the cranberry juice cocktail label, it appears that the cranberry juice cocktail is a soft drink. The label indicates that the product contains 27% juice. Therefore, as a fruit juice which contains less than 50% natural fruit juice, the cranberry juice cocktail is a soft drink subject to the basic State rate of tax (6.25% plus applicable local taxes).

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Gina Roccaforte  
Associate Counsel

GR:msk  
Enc.